

Message Text

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51

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 SP-02 AID-05 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-01

AGR-05 CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 DODE-00 PA-01 USIA-06 PRS-01

SAJ-01 INT-05 FEAE-00 OES-03 IO-10 PM-03 /116 W

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R 231219Z DEC 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9540

INFO AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L TEHRAN 10832

E.O. 11652 N/A

TAGS: ETRD, EALR, PFOR, IR, RO

SUBJECT: IRAN/ROMANIA ECONOMIC RELATIONS

REF: A. TEHRAN 9785, B. TEHRAN 10139, C. SOFIA 2243 ALL NOTAL

1. GOI MINISTER OF COMMERCE FEREDUN MAHDAVI ON RETURNING TO TEHRAN ON DECEMBER 20 ANNOUNCED AGREEMENT CONCLUDED WHEREBY IRAN WILL IMPORT ABOUT \$1.5 BILLION IN AGRICULTURAL PRODUCTS FROM ROMANIA OVER NEXT SEVEN YEARS. ACCORDING TO OFFICIAL GOI PRESS RELEASE, TWO-WAY TRADE BETWEEN TWO COUNTRIES DURING 1975 WILL TOTAL \$108 MILLION. PRESS RELEASE MENTIONS POSSIBLE IRANIAN INVESTMENT IN AGRICULTURAL JOINT VENTURES IN ROMANIA AND ROMANIAN COOPERATION IN IRANIAN INDUSTRIAL PROJECTS BUT DOES NOT GIVE SPECIFIC PROJECTS OR AMOUNTS. PRESS REPORT OF IRANIAN CREDIT TO ROMANIA EQUAL TO "APPROXIMATELY ONE-FOURTH OF THE TOTAL VALUE OF THE PURCHASE AGREEMENT TO HELP ROMANIA EXPAND PRODUCTION IN VARIOUS FIELDS" IS NOT MENTIONED IN OFFICIAL RELEASE.

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2. CENTRAL BANK OF IRAN DIRECTOR OF FOREIGN EXCHANGE CONTROL DEPARTMENT FEREYDOUN FANHANG, UNDER WHOSE DEPARTMENT CBI'S INTEREST IN BILATERAL ARRANGEMENTS WITH COMMUNIST COUNTRIES FALLS, TOLD EMBOFF ON DECEMBER 21 THAT CREDIT TO ROMANIA IS UNLIKELY TO BE GRANTED. FARHANG ALSO SAID HE DOUBTED RECENTLY PUBLICIZED LOANS TO POLAND AND BULGARIA EVER WILL BE FINALIZED. HE DOES NOT BELIEVE ANY EAST EUROPEAN COUNTRY IS LIKELY TO AGREE TO CONDITIONS IRANIANS WILL INSIST UPON BEFORE SIGNING LOAN AGREEMENTS. FARHANG EXPRESSED HIS GENERAL OPPOSITION TO BILATERAL TRADE AND PAYMENTS ARRANGEMENTS WITH EASTERN EUROPE, WHICH HE STATED ARE ANACHRONISTIC IN LIGHT OF IRAN'S MUCH IMPROVED FINANCIAL POSITION. HE CLAIMED GOI IS SO POORLY UNORGANIZED THAT COMMERCE MINISTRY IS PUSHING SUCH DEALS INDEPENDENTLY WITHOUT PRIOR APPROVAL OF CBI OR MINISTRY OF ECONOMICS AND FINANCE. FARHANG ADDED THAT ANY IRANIAN OIL EXPORTED TO COMMUNIST COUNTRIES IN THE FUTURE WILL BE FOR HARD CURRENCY PAYMENT AND NOT UNDER BILATERAL AGREEMENTS.

3. COMMENT: FARHANG'S ANALYSIS IS PLAUSIBLE. ESSENTIALLY BARTER ARRANGEMENTS WITH EAST EUROPE HAVE MUCH LESS TO OFFER IRAN FOLLOWING OIL PRICE INCREASES OF PAST YEAR. MAHDAVI CAN DISCUSS LARGE CREDITS TO OTHER COUNTRIES AS HE WISHES, BUT HIGH ECONOMIC COUNCIL (AND SHAH) MUST APPROVE ACTUAL COMMITMENTS. WHILE ROMANIA IS IRAN'S MOST IMPORTANT TRADING PARTNER AMONG COMMUNIST COUNTRIES OTHER THAN THE USSR, TWO-WAY TRADE BETWEEN THE TWO COUNTRIES TOTALLED ONLY \$61.5 MILLION DURING IRANIAN YEAR ENDING MARCH 20, 1974. CONCERNED OVER WORLD FOOD SHORTAGES, HOWEVER, GOI IS SEARCHING FOR ASSURED SOURCES OF SUPPLY AND UNDOUBTEDLY WILL BE AN EAGER CUSTOMER FOR WHATEVER ROMANIANS CAN OFFER AT COMPETITIVE PRICES.
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